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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

Institutional and administrative arrangements governing the integration of UNDP/OPS in the Department for Development Support and Management Services

Second report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General regarding the arrangements "governing the integration of UNDP/OPS into the Department for Development Support and Management Services" (DDSMS) (A/48/502). During its consideration of the report, the Committee received additional information from representatives of the Secretary-General and UNDP/OPS.

2. The integration of OPS within DDSMS as a two-way process was proposed in the context of the Secretary-General's revised estimates for 1992-1993 (A/C.5/47/88, paras. 101-103). In that report the Secretary-General, inter alia, emphasized that "the transition to a new entity should be pursued in such a way as not to disrupt current activities or threaten their client bases" (para. 102 (b)); the Advisory Committee underlines the continued validity of that provision. The Advisory Committee addressed the Secretary-General's proposal in the context of its reports contained in documents A/47/7/Add.15 (paras. 28-31) and DP/1993/46 (paras. 17-22); in the Committee's opinion, the views expressed therein remain valid. In its resolution 47/212 B of 6 May 1993, the General Assembly noted that the modalities for that integration would first be considered by the Governing Council of the United Nations Development Programme (UNDP) and subsequently by the Assembly in the light of a report of the Secretary-General on the work of the task force established by the Secretary-General to review the procedures to be put in place for the incorporation.

3. The report of the Secretary-General on the work of the task force was submitted to the Governing Council of UNDP in June 1993 (DP/1993/70). In its decision 93/42, the Council, inter alia, noted the report and accepted the outlined modalities for the transfer of OPS subject to the requirements outlined

in paragraph 5 of its decision and on the understanding that the modalities would be further clarified and solutions reached prior to the transfer. Those same requirements are cited in paragraph 3 of document A/48/502. In the same decision the Council requested the Secretary-General to address its concerns in the context of preparing and submitting the proposed programme budget and, in close cooperation with the Administrator of UNDP, to present detailed information by 1 September on the arrangements to be established with regard to personnel procedures. The Governing Council also, taking into account the views expressed by the Advisory Committee in its report (DP/1993/46), stated that the date of 1 January 1994 should be regarded as a target date pending review by the General Assembly.

4. In the above-mentioned report, the Advisory Committee had stated that the focus should be on an orderly and thorough review and resolution of the issues to be addressed prior to the implementation of the Secretary-General's proposal, and that the overriding consideration should not be on a predetermined target date.

5. While not disputing that substantial work and negotiation between the involved parties has taken place in an attempt to resolve outstanding issues, it is evident to the Advisory Committee that a number of key issues remain to be worked out. In that connection, and in response to its queries, the Advisory Committee was informed that three working groups had been constituted to deal respectively with portfolio merger, potential modification of financial regulations/rules and other administrative matters, including personnel administration, accounting, information systems, physical location and so on.

6. The Committee was further informed that it was assumed that the merger of the portfolios could be done by 1 January 1994 and that integration of recruitment, procurement and fellowship functions could also take place by that date. Personnel administration arrangements were reported to have been worked out. However, a number of pending issues remained, including the question of financial regulations/rules, procurement, reimbursement arrangements, the provision of central services, the establishment of reserve funds and all arrangements that will ensure that OPS will remain a self-financing entity, independent from the regular budget. The Secretary-General's proposals foresee the possible creation of appointment and promotion mechanisms and a project contracts committee or panel dedicated to United Nations/OPS matters that would be separate from those of the United Nations and UNDP; proposals to establish those bodies remain to be worked out. The pending issues, on which the Advisory Committee reserves its comments, are discussed in varying degrees of specificity in the report of the Secretary-General; in the absence of detailed financial information and staffing tables, the Advisory Committee was unable to satisfy itself that adequate and cost-effective financial and management controls are in place to ensure a smooth integration of OPS within DDSMS.

7. In the opinion of the Advisory Committee, the outstanding issues must be worked out in detail before any integration takes place, otherwise, the operations of OPS will, inevitably, suffer. In the circumstances, the Committee questions the viability of the 1 January 1994 date and cannot, at the present stage, recommend to the Governing Council and the General Assembly that the integration take place on that date. Rather, bearing in mind the fact that the integration should take place at the beginning of a calendar year (see

DP/1993/46, para. 22), the Advisory Committee recommends that the date of integration be 1 January 1995.

8. The Committee further recommends that the Secretary-General re-submit a report on the matter when all pending issues are resolved at the inter-organizational level. That report, in addition to providing sufficient details on all modalities and working arrangements, in particular those which remain to be resolved, should include an operational budget, based on the merger of the portfolios of UNDP/OPS and DDSMS, with a clear indication of the number and level of staff and so on to be drawn from the existing UNDP/OPS and DDSMS. In this connection, the Committee notes that, in his proposed programme budget for the biennium 1994-1995, the Secretary-General noted that 55 posts were potentially slated for merger with OPS, but that the actual level of resources and number of posts would be determined later after the organizational and working arrangements concerning the integration of OPS had been finalized (A/48/6 (sect. 10), para. 10.54). The Committee also recalls that in its report on the revised estimates of the Secretary-General (A/47/7/Add.15), it requested that his report on the modalities for the integration should include, inter alia, information on the projected magnitude of the portfolio of the OPS and its internal organization (para. 30).

9. Bearing in mind the timing of the regular sessions of the Governing Council and the fact that the Council will continue to approve the administrative budget of OPS, the report should be submitted no later than at the spring 1994 session of the Advisory Committee Administrative and Budgetary Questions. That timing would also facilitate the Administrator's convening of informal consultations on the modalities, as called for in Governing Council decision 93/42, and would allow the Council to make, at its regular session, any appropriate recommendations on the modalities.

10. In the meantime, the Advisory Committee stresses the importance of ensuring that the management of OPS remain effective during 1994. It notes that at present it is being led by an Acting Director. Until the conditions are judged appropriate for its transfer to the United Nations, the Administrator of UNDP will remain ultimately responsible for its performance.

11. The Advisory Committee is well aware of the importance and urgency of this matter and remains ready to take it up at the earliest opportunity upon submission of a full and complete report by the Secretary-General.